MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

PFA0064– ESSENTIALS OF FINANCIAL ACCOUNTING

(Foundation in Management)

7 MARCH 2017
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with 5 questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet.

QUESTION 1

Below are the account balances for Timmons Manufacturing Berhad for the month ended 31 December 2016.

	Account Balances
Finished Goods Inventory, 31 December	RM 42,000
Factory Supervisory Salaries	12,000
Income Tax Expense	18,000
Raw Materials Inventory, 1 December	12,000
Work In Process Inventory, 31 December	25,000
Sales Salaries Expense	14,000
Factory Depreciation Expense	8,000
Finished Goods Inventory, 1 December	35,000
Raw Materials Purchases	95,000
Work In Process Inventory, 1 December	30,000
Factory Utilities Expense	4,000
Direct Labor	70,000
Raw Materials Inventory, 31 December	19,000
Return inwards and Allowances	5,000
Indirect Labor	21,000

Required

Prepare the manufacturing account for the month ended 31 December 2016.

(Total 20 marks)

Continued...

QUESTION 2

The following is the receipt and payment account of Lunar Society for the year ended 31 December 2016.

Lunar Society
Receipts and Payment Account
For the year ended 31 December 2016

	RM		RM
Balance b/d	5,050	Salaries	750
Subscription	1,560	Transportation expenses	350
Fees from non-members	330	Rental expenses	380
Charity auction	1,500	Purchase of machinery	400
Donation for building fund	1,400	Machinery expenses	50
Interest received	35	Miscellaneous expenses	35
		Balance c/d	7,910
	9,875		9,875
Balance b/d	7,910		

Additional information:

1) A donation of RM 100 received for building fund was wrongly included in subscription account.
2) Depreciation for the machinery is to be provided at the rate of 10% per annum.

Required

Prepare the income and expenditure account for the year ended 31 December 2016.

(Total 20 marks)

Continued...

QUESTION 3

Mina and Ros are in partnership sharing profits and losses in the ratio 3:2 respectively. The following is their trial balance as at 31 March 2016.

	DEBIT RM	CREDIT RM
Buildings (cost RM 210,000)	160,000	
Fixtures at cost	8,200	
Accumulated Depreciation: Fixtures		4,200
Accounts Receivable	61,400	
Accounts Payable		26,590
Bank	6,130	
Inventory at 1 April 2015	62,740	
Sales		363,111
Purchases	210,000	
Carriage outwards	3,410	
Discount allowed	620	
Loan interest – Public Bank	3,900	
Office expenses	4,760	
Salaries and wages	57,809	
Bad debts	1,632	
Provision for doubtful debts		1,400
Loan from Public Bank		65,000
Capitals: Mina		100,000
Ros		75,000
Current accounts: Mina		4,100
Ros		1,200
Drawings: Mina	31,800	
Ros	28,200	
	640,601	640,601

Additional information:

a) Inventory as at 31 March 2016 was valued at RM 74,210.
b) Expenses to be accrued: Office expenses RM 215; Wages RM 720.
c) Fixtures are to be depreciated at 15% on reducing balance basis and buildings are to be depreciated at RM 5,000 per year.
d) Reduce provision for doubtful debts to RM 1,250.
e) Partnership salary: RM 30,000 to Mina, not yet entered.
f) Interest on drawings: Mina RM 900; Ros RM 600.
g) Interest on capital account balances at 5%.

Required

Prepare the statement of profit or loss and other comprehensive income for the year ended 31 March 2016.

(Total 20 marks)

Continued...

QUESTION 4

The following is the trial balance of Darino Sdn. Bhd. as at 31 December 2016:

	DEBIT (RM)	CREDIT (RM)
Issued and paid up shares capital:		
200,000 ordinary shares of RM 1 each		200,000
50,000 12% preference shares of RM 1 each		50,000
Retained earnings		20,000
Premises – cost	200,000	
Premises – accumulated depreciation at 1/1/16		60,000
Equipment – cost	100,000	
Equipment – accumulated depreciation at 1/1/16		40,000
Motor vehicles – cost	150,000	
Motor vehicles – accumulated depreciation at 1/1/16		50,000
Bank overdraft		20,000
Trade receivables and payables	116,000	10,000
10% debenture		100,000
Purchases and sales	200,000	400,000
Inventory at 1/1/16	5,000	
Returns	4,000	3,000
Salaries	24,000	
Rent	13,000	
Administrative expenses	20,000	
Distribution expenses	50,000	
Directors' remuneration	60,000	
Debenture interest	8,000	
Interim dividend – ordinary shares	1,000	
Interim dividend – preference shares	2,000	
Total	953,000	953,000

Additional information:

1) Inventory at 31 December 2016 was valued at RM 30,000.
2) Authorised shares capital:
   500,000 ordinary shares of RM 1 each
   50,000 12% preference shares of RM 1 each
3) The outstanding debenture interest is to be accrued.
4) Depreciation is to be provided as follows:
   Premises at 5% per annum on cost
   Equipment at 10% per annum on cost
   Motor vehicles at 20% on reducing balance
5) A final dividend of 6% is proposed on the ordinary shares, and the full year's preference dividend is to be provided for.
6) RM 1,000 was prepaid for rent at 31 December 2016.

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Required

a) Prepare the statement of profit or loss and other comprehensive income for the year ended 31 December 2016. (13 marks)

b) Prepare the statement of changes in equity for the year ended 31 December 2016. (7 marks)

(Total 20 marks)

QUESTION 5

A comparative statement of financial position for Lyon Berhad appears below:

Lyon Berhad
Comparative Statement of Financial Position

	31/12/2016	31/12/2015
Assets		
Cash	RM 23,000	RM 10,000
Accounts receivable	18,000	14,000
Inventory	27,000	18,000
Prepaid expenses	6,000	9,000
Long-term investments	-0-	18,000
Equipment	60,000	32,000
Accumulated depreciation—equipment	(18,000)	(14,000)
Total assets	RM 116,000	RM 87,000
Liabilities and Shareholders' Equity		
Accounts payable	RM 17,000	RM 7,000
Bonds payable	37,000	47,000
Ordinary shares	40,000	23,000
Retained earnings	22,000	10,000
Total liabilities and shareholders' equity	RM 116,000	RM 87,000

Additional information:
1. Net income for the year ending 31 December 2016 was RM 24,000.
2. Cash dividends of RM 12,000 were declared and paid during the year.
3. Long-term investments that had a cost of RM 18,000 were sold for RM 16,000.
4. Sales for 2016 were RM 120,000.

Required

Prepare a statement of cash flows for the year ended 31 December 2016, using the indirect method.

(Total 20 marks)

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